

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 2797 - SB 2790**

March 6, 2012

**SUMMARY OF BILL:** Authorizes nursing homes and assisted-care living facilities, licensed by the Department of Health (DOH), to provide adult day care services without first obtaining a license from the Department of Human Services (DHS) if: they have requested and obtained a waiver from the Board for Licensing Health Care Facilities to provide adult day care services; the services are provided within the facility or on the campus of the licensed nursing home or assisted-care living facility; and the facilities are subject to inspection as part of their annual inspections by the Board. Authorizes nursing homes and assisted-care living facilities to provide adult day care services to any adult day care recipient, without any further licensure or contractual requirements related to the adult day care services.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – \$18,200/One-Time/Board for Licensing Health Care Facilities  
\$273,700/Recurring/Board for Licensing Health Care Facilities**

**Increase State Revenue – \$273,700/Recurring/Board for Licensing Health Care Facilities**

**Other Fiscal Impact – The one-time increase in state expenditures of \$18,200 will be funded with current fee revenue received by the Board for Licensing Health Care Facilities. The Board will increase fees to cover the recurring increase in expenditures of \$273,700.**

**Assumptions:**

- Pursuant to Tenn. Code Ann. § 71-2-401, “adult day care” refers to services provided to 10 or more recipients, for more than 3 hours per day. Under the provisions of this bill, facilities serving nine or less adults are exempt from licensing requirements by DHS.
- Currently, there are four nursing homes and one assisted-care living facility licensed by DHS to operate adult day care centers serving 10 or more recipients.
- Any forgone revenue and decrease in licensing fees collected by DHS are estimated to be not significant.
- According to DOH, there are currently 565 nursing homes and assisted-care living facilities in Tennessee. The provisions of this bill will result in a significant increase in the number of nursing homes and assisted-care living facilities wishing to provide adult day care services and requesting waivers from DOH.

- DOH estimates that two additional Fire Safety Inspectors and two Public Health Nurse Consultant positions will be required to perform the additional annual inspections and complaint investigations.
- The recurring increase in state expenditures associated with these four positions will be \$273,681 (\$162,696 salary + \$47,985 benefits and insurance + \$31,600 administrative support services + \$16,400 office space + \$12,000 travel + \$2,400 supplies + \$600 connections).
- One-time increase in state expenditures will be \$18,200 (\$10,800 office set-up + \$7,400 notebooks, software, and surge protectors).
- According to DOH, the Board will be required to increase its fees to cover the recurring costs associated with these four positions. The one-time costs will be funded with current fee revenue.
- Pursuant to Tenn. Code Ann. § 68-11-216, the Board for Licensing Health Care Facilities is required to be self-supporting. As of June 30, 2011, the Board had a balance of \$594,768.55.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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